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I appreciate the opportunity to participate in the fourth annual World Fertilizer Conference. In its short history, this conference has gained a reputation as a valuable forum for discussing important food-related issues.

The future role of the United States as a world food supplier is one such issue. In a time of rising demand and increasing production in many areas of the world, this subject gains additional urgency. How can production keep pace with demand?

Despite some trouble spots, this year's world grain harvest is expected to reach 1.5 billion metric tons, the second largest on record. World oilseed production, at 177 million tons, has increased more than 11 percent over last year's levels.

But, over the long run, the forces increasing demand are very powerful. Growing populations and rising incomes are spurring consumption levels to new heights.

However, much of this demand increase is coming from nations that do not produce enough food on their own to fill that demand.

Some countries, such as the Soviet Union, and those in eastern Europe, have the capacity to feed their own people. However, these nations want additional grain and other products in order to expand their livestock industries and add more meat to their people's diets.

Other countries, such as those in the Middle East, parts of Africa, and east Asia, simply do not have the resources necessary to attain agricultural self-sufficiency.

All of these nations are likely to increase their dependence on a small handful of grain suppliers to fill their food needs.

Remarks prepared for delivery by Deputy Secretary of Agriculture Jim Williams before the World Fertilizer Conference, The Fertilizer Institute, New York, New York, September 24, 1979

Dominant among those suppliers is the United States. Our economists are forecasting sharp increases in future U.S. shares of world agricultural trade, based on our comparative advantage in grain production relative to most other countries.

The United States is in fact already playing the role of a major food supplier for much of the world. Between 1972 and 1978, world imports of grains and soybeans increased by 60 million tons, with more than 70 percent of that increase provided by U.S. farmers. U.S. agricultural production now accounts for around 70 percent of total world trade in soybeans and feed grains, and nearly 50 percent of the trade in wheat.

As a result, American farmers will export 66 percent of their 1979 wheat crop, 61 percent of their rice, 50 percent of their soybeans and soybean products, and 35 percent of their corn.

Those exports, along with cotton, fruits and vegetables, tobacco, and other commodities will probably range between \$35 and \$40 billion next year, up from \$32 billion this year. Export volume of U.S. bulk commodities may top 145 million metric tons next year, compared with this year's 128 million ton total.

In order to meet that kind of export demand--and the even greater requirements expected in the future--the Carter administration has developed a policy designed to ensure sufficient income for farmers, as well as continued U.S. reliability as a supplier of agricultural products for our domestic and world markets.

The foundation of this policy is the use of a farmer-owned grain reserve. The reserve has helped to stabilize markets and provide food security, and also has enabled U.S. farmers to maintain high production levels during periods of relatively low prices.

Yet, the reserve does not threaten the economic growth of farmers. It remains under their control and allows farmers--not the government--to make the production and marketing decisions that they are uniquely qualified to make.

The United States and the entire world have benefitted from this reserve. In less than two years, farmers placed 33 million metric tons of wheat and coarse grains into the reserve. After prices rose this spring and summer, farmers were able to draw on the reserve to supply increased demand. As of September 14, farmers had redeemed close to 10 million metric tons of grain. Certainly during 1979 the reserve has worked to stabilize world trade as well as domestic prices.

The adoption of the reserve program already has, and will continue to do much to enable the United States to maintain and expand its role as a world food supplier. However, this country could encounter some difficulties in its effort to meet the substantial increases that are expected in future world import demand.

One such obstacle may be in the transportation systems found both here and abroad. In the United States, the ability to rapidly expand our transport system and port capacity may be an important factor in whether or not we can meet those increased import needs. Next year's expected export volume of 145 million tons alone could possibly put a strain on the present system.

Overseas, the port capacities and internal distribution systems of importing countries must be adequate to handle expanded food shipments.

Another possible set of obstacles in future U.S. production and export gains are energy-related. Energy costs alone now account for 10 percent or more of the average U.S. farmer's gross income, and probably will double in the next five years. Even more important, such energy is in increasingly short supply.

The Carter administration recognizes that energy shortages in the agricultural sector can cause massive problems that would reverberate throughout the economy. Accordingly, the administration took steps to assure adequate supplies of diesel fuel for spring plantings and the coming fall harvest.

In addition, President Carter has taken a number of steps to insure that the agricultural sector becomes not only a user, but also a source of energy.

The President recently announced his support for new legislative authority to assist in the construction of small and medium size plants to produce alcohol fuels. We are reviewing small scale alcohol technology to determine the kind of farms where it is most likely to be useful, and are now considering loan applications for small scale plants.

Other actions taken to develop energy in the agricultural sector include the tentative approval of four pilot projects to produce industrial hydrocarbons and alcohols from agricultural commodities and forest products. These projects will test a variety of innovative approaches designed to stabilize and expand the U.S. supply of industrial hydrocarbons.

The role of the United States as a world food supplier will expand in the future. Increases in world population growth and income will cause a rise in food demand--particularly for meat--which only a limited number of exporters can fill. A substantial proportion of the necessary food grains, feed grains, and oilmeals shipments will come from the United States.

However, the possible obstacles on U.S. production and exports which I have just sketched will necessitate additional action in order to insure an adequate world food supply in the future.

The most important step is to increase the food production levels of some of the poorer food-deficit countries. We believe that these countries must expand their own productive capacities to satisfy their food needs. Through the development of national food strategy plans, such countries can take advantage of whatever resources they have to increase their ability to feed their own people. The United States already has provided considerable technical assistance to such countries, and we are ready to help provide whatever aid may be needed in the future.

Second, short-term and emergency hunger needs must be met through food aid programs. The United States is continuing to work to help meet those needs. Already, we are providing nearly two-thirds of the world's concessional food assistance. Our contributions this year will total \$1.4 billion or almost 6 million tons of agricultural commodities. We also have eliminated acreage restrictions for wheat for next year, which should encourage farmers to expand production so that we will have the food supplies necessary to meet total demand, including our food aid commitments.

We also are continuing to participate actively in multilateral efforts to achieve food security, such as the negotiation of a new Food Aid Convention. The United States already has pledged 4.47 million tons of cereals as our minimum annual commitment to this convention, and in March of this year, we announced our intention to implement that pledge unilaterally.

In addition, the President has established a blue ribbon Commission on World Hunger, chaired by Ambassador Sol Linowitz, that is studying the problem and is preparing a set of recommendations of other ways we can help to solve it. The Commission's report is due to be released shortly.

Finally, work must continue to develop a trading system which encourages more equitable distribution of food than has been the case in the past. The new trade act negotiated in Geneva and ratified by Congress will go a long way toward removing long-standing barriers to trade. The results will be greater access to world markets for everyone, and a wider sharing of the benefits of trade.

These efforts are good beginnings toward assuring an adequate food supply for the world--and a supply that is distributed fairly. The United States is keenly aware of the expanding role it will need to play in assuring the availability of that supply. And we are taking steps to meet that need.

But we also recognize that filling world food needs is a global responsibility, and we will continue to work with other nations to ensure world food security.

Thank you.

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